

TO: Budget & Finance
FROM: Dale Washam
DATE: June 14, 2012
RE: 2013 Budget Considerations

Enclosed you will find the 2013 budget for the Assessor-Treasurer office. As requested, it does not include any inflationary cost increases. We will not submit any supplemental budget requests for the inflationary increases we expect to receive, instead we will simply absorb them. Also enclosed you will find the requested 2% and the additional 3% budget reduction proposals. These proposed reductions can only be accomplished through personnel cuts, as labor and fixed costs represent more than 88% of this office's total budget. As we have done in the past, we are proposing these reductions be categorized for now as unspecified Salary & Benefits reductions.

It is important to note the Base 2013 Budget, without reductions, already constitutes less than 1% of the property tax amount that this office invoices. Historically the Assessor-Treasurer office always operated near 1.5% of the property tax invoiced. As we have promised in the past, we will operate to the best of our ability within the confines of the funds that are given us, and we will refrain from submitting supplemental funding requests. However, the present funding levels are already taking a toll, as this office is being prevented from meeting all the identified Performance Measures. Specifically, we will be unable to meet Performance Measure No. 3 this year.

Looking forward, consideration must be given to the 2014 migration of this office to the Windows 7 operating system. The Assessor-Treasurer's office is forced to operate on older versions of Windows because of inherent limitations placed by our third-party appraisal and property tax software. On June 2014 we are scheduled to migrate into the new version of RealWare, our appraisal software, which operates on a Windows 7 platform. We are therefore planning on migrating to the newer versions of the Windows Office and Operating System earlier in the year. This migration to the newer operating system was already being requested by the county's IT department, we are simply coordinating a necessary move to coincide with the appraisal software update.

These migrations will require additional funding to accommodate a mandatory upgrade of all the desktop computers in this office, the licensing costs for the newer version of MS Office, and the necessary training expenses associated with the appraisal software migration. We estimate these updates will require an additional \$100,000 for the 2014 budget of this office.



Assessor-Treasurer 2013 Performance Measures

1. Guarantee the equitable and uniform treatment of all taxpayers by maintaining strict accordance to all applicable statutes and regulations, and successfully completing all the scheduled annual physical inspections as required by RCW 84.41.030. (Goal D)
2. Continue to seek efficiencies and quality improvement at every stage of our processes; all the while ensuring total operating costs do not exceed 1% of property tax billings. (Goal A)
3. Place all discoverable real property "new construction" value on the rolls by August 31, 2013, for the 2014 Tax Levy. (Goal A)
4. We will achieve a minimum 25% increase over 2012 in the number of a) Personal Property and b) Trended Investment accounts that utilize our new electronic paperless process to file their annual statements with this office. (Goal C)



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

June 25, 2012

The Honorable Dale Washam
Pierce County Assessor/Treasurer
2401 South 35th Street, Room 142
Tacoma, Washington 98409-7498

Dear Mr. Washam:

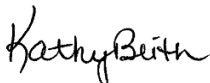
The Department of Revenue (Department) has been advised that you are directing your residential appraisal staff, beginning July 1st, to focus on physical inspections for the 2013 assessment year. It is our understanding that in focusing on the 2013 revaluation, you will not assess all new construction this year.

I'm writing to remind you of your statutory responsibility to assess all taxable property in Pierce County, including new construction. All taxable property is to be assessed each year according to RCW 84.40.020. With respect to new construction, you are responsible to determine the value as of July 31st and include that value on your assessment roll. (See ch. 36.21 RCW.)

Failure to place all new construction on the assessment roll would create inequities among taxpayers and affect local taxing districts' revenue. Those property owners with new construction would not pay taxes on their new building value while other property owners pay tax on the full value of their property. Taxing districts, including local fire districts, library districts, and others, would not receive funding they are entitled to. These taxing districts are allowed to levy additional funds based on the value of new construction in order to provide services to those property owners. Therefore, failure to properly assess new construction would adversely impact these local jurisdictions.

I recognize that the current economic climate has affected resources in many assessors' offices across the state. However, ensuring all taxable property is properly assessed is crucial in maintaining a fair, equitable, and functional property tax system. I encourage you prioritize your work in such a manner that will allow you to ensure all taxable property is included on your assessment roll.

Sincerely,


Kathy Beith
Assistant Director
Property Tax Division

KB:slc



Pierce County

Office of the County Council

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June 26, 2012

Dale Washam
Pierce County Assessor-Treasurer
2401 So. 35th Street, Room 142
Tacoma, WA 98409

Dear Mr. Washam:

The Pierce County Council is appreciative of the efforts of you and your staff to meet the county's legal assessment obligations. We understand that, like many departments, you are doing this under difficult budget constraints. Due to the importance of new construction and improvements (NC&I) on the budgets of many entities, including fire districts and cities, we urge your department to prioritize the completion of work in this area in the time period prescribed by law. The consequences of not completing the work on NC&I could be devastating and long-lasting for many taxing districts, especially in light of the continuing drop in the value of existing property.

The County Council supports your efforts to complete all work on new construction and improvements in a timely manner. We look forward to cooperating with you on the Assessor-Treasurer's 2013 budget to ensure that the resources are available to perform all inspections in a timely manner. We appreciate you taking into account our concerns and look forward to working with you in the future.

Sincerely,

A handwritten signature in blue ink that reads "Joyce McDonald".

Joyce McDonald, Chair
Pierce County Councilmember, District 2

c: Councilmembers

